

deserves for the amazing things she accomplished in her time in the Senate. So I just want to say thank you to this special woman for her contributions to this institution and to our country.

The PRESIDING OFFICER. The Senator from Michigan.

Ms. STABENOW. Madam President, I ask unanimous consent to speak as in morning business.

Mr. BENNETT. Madam President, may I inquire as to how long this presentation will be?

Ms. STABENOW. No more than 10 minutes.

Mr. BENNETT. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Michigan.

Ms. STABENOW. I say thank you very much to my distinguished colleague from Utah distinguishing the floor.

PRESCRIPTION DRUGS

Ms. STABENOW. Madam President, I felt it was important today to come to the floor and speak about the efforts of the House of Representatives to lower the cost of prescription drugs for our seniors. There has been a measure passed that will require that the Secretary of Health and Human Services negotiate prices. It sounds like something that is pretty straightforward and common sense: to negotiate the very best price for our seniors and people with disabilities.

I know my distinguished colleague and friend, the now-ranking member of the Finance Committee, has spoken about his objection to that approach. I think it is important that we also have voices speaking out about why we believe this makes sense for Medicare, for taxpayers, for our seniors, and for the disabled.

The facts really bear out that this makes sense. We are not talking about whether we do research and development on new breakthrough drugs versus being able to get prices that are affordable for our seniors. There is an ample way to be able to do both. In fact, we, as taxpayers, provide a tremendous amount of the money that is currently being spent on R&D, and it is important we know we can afford the medicine that we are helping to pay to have developed.

A report by Families USA, released last week, looked at the prices of prescription drugs most commonly used by our seniors. The conclusion could not have been more clear. The report compared the prices the private Medicare Part D plans charge now and the prices charged by the Department of Veterans Affairs, the VA, which negotiates, as we all know, for the best price on behalf of America's veterans. The report showed, again, what we have been seeing over the past year. The lowest drug prices charged by the private Part D plans are significantly higher than the prices obtained by the VA.

Among the top 20 most used drugs, the median difference between the low-

est Part D plan and the lowest VA plan is 58 percent; 58 percent difference between what the VA is able to do for veterans and taxpayers versus what is happening under the Medicare Part D plan. In other words, for half of the drugs our seniors need most, the highest price charged by the private drug plans is almost 60 percent higher. That makes no sense. I hope we will act to change that.

It can be a lot worse, however. When we look at half of the top 20 drugs, the highest price charged by a private plan is twice as high as the average price through VA for the lowest priced drugs. Seniors and people with disabilities who get their drugs through Medicare are forced to pay more because the law actually prohibits the Secretary of Health and Human Services from negotiating the best price. It is not only that they are trying and are not able to do it; the law that was passed prohibits them from doing that. That does not make sense.

We have all heard from seniors, from families, from people with disabilities across the country trying to wade through all of the private plans and the complexities and dealing with the doughnut hole, and so on. We know that, in fact, one of the reasons that there is that gap in coverage is that we are not using the purchasing power of the Federal Government through Medicare to get the best price so that our dollars and the dollars of the people on Medicare are stretched as far as possible to help people get the medicines they need.

Mr. BENNETT. Will the Senator yield for a question?

Ms. STABENOW. I am happy to.

Mr. BENNETT. Is the Senator aware of the fact that there are well over 1 million veterans who have moved to Medicare Part D rather than the veterans plan because they find that the restricted formulary in the veterans plan has made it impossible for them to get the drugs they want? And one of the reasons the VA plan is cheaper is because they are rationing drugs? Is the Senator aware of the fact that many veterans have, in fact, moved to Medicare Part D for that reason?

Ms. STABENOW. Yes, reclaiming my time, I am aware that, in fact, there are veterans who have moved to the Medicare system. One of the reasons the House bill that passed did not include a national formulary was because of those kinds of concerns. We are not talking about that. We are talking about the ability to negotiate to get the best price. I would also say, though, from the VA's standpoint, that there are millions of veterans who are getting much better prices as a result of the fact that they can negotiate the best price for veterans. We are working to find that balance to provide a choice so that you can get the specific prescription drug that you need but at the same time be able to get the best price. I don't know why we wouldn't want to do that. It makes absolutely no sense not to do that.

We are seeing huge differences on prescription drugs that are commonly used by our seniors. Let me give an example. Zocor, which is a drug many seniors use for keeping their cholesterol levels under control, the lowest VA price is about \$127 a month. But people under Medicare are paying \$1,486. We are talking about a difference of over 1,000 percent. If you account for an aggressive R&D budget, if you account for differences, there is a lot of wiggle room when you are talking about a 1,000-percent difference in price between someone going through the VA and someone going through Medicare. I don't understand why we would not say to the Secretary of Health and Human Services: We want you to negotiate a better price for Zocor.

There were 7.5 million veterans enrolled in the VA health system in 2005. The administration estimated that over 29 million seniors were enrolled in private plans last year. So there are four times more seniors enrolled in Medicare than there are people under the VA system. And I do not understand—to me it defies logic—why we would not give them the same negotiating power.

I would also like to give the Secretary a chance to negotiate a better price for Protonix, a drug that is commonly used to treat heartburn. The lowest VA price for Protonix for a year is \$214.52. Seniors paying the lowest private Part D price have to pay \$934 more to get their heartburn treated. Again, that makes no sense. Older Americans are forced to pay 435 percent more for Protonix because the Secretary is forbidden from negotiating prices on behalf of our seniors. When we look at what is happening, the claim that private plans could actually negotiate a better price under Medicare but also under Medicaid has not borne truth.

The Wall Street Journal, the New York Times, and expert testimony before the Finance Committee last week all indicated that, in fact, drug prices are now higher for these individuals, those who were before on Medicaid and now on Medicare. These are our poorest seniors and people with disabilities. Our seniors are being charged more than veterans for the same drugs and our poorest seniors are not getting the price break we had anticipated. It doesn't make sense to me why we would be paying more and why prices would have gone up once Medicare came into place for prescription drugs, why prices have gone up rather than down.

There are two arguments that I am hearing all the time. One is that we can't possibly rigorously negotiate for lower prices for seniors and people with disabilities because we will see prices go down so much that the companies will not be able to conduct research and development on breakthrough drugs. At the same time, we hear also that negotiating would not make a difference; it would not lower prices. It is

impossible to argue both of those positions at the same time. If negotiating will, in fact, not lower prices, then it certainly can't affect R&D expenses. But yet both of those assertions are being made at the same time.

We are all committed. This Congress last year appropriated \$29 billion for research and development through NIH. And I know the distinguished Chair has been involved in advocating for those efforts as well as for Medicare. The fact that we have put into place \$29 billion of taxpayers' money indicates our commitment to R&D and to work with the industry. The research that is done through that effort is available free of charge to the industry. They are able to take that information. They are able to deduct as a business expense their R&D efforts, and they get a 10-percent tax credit for R&D efforts on top of that for breakthrough drugs, all of which I support. We then give about an 18-year patent to protect a company from a particular drug. They have to be able to recoup their costs and not have full competition from the private marketplace or from generic drugs. I, also, support that.

All we are asking—all the people of the country are asking, particularly our seniors and disabled—is that when one gets through with the process they have invested in, they should be able to afford to buy the medicine. Medicine that is not affordable is not available, and health care today is becoming more and more a question of treatment through medicine.

I am hopeful we will move quickly. I know the chairman of the Finance Committee has held a hearing. We are grateful for that. I am hopeful we will move forward together on a bill that will mirror what the House of Representatives has done in order to say that the Secretary should negotiate the best price for medicine for our seniors, for people with disabilities, and certainly for the taxpayers who are paying a substantial amount for this benefit.

THE PRESIDING OFFICER. The Senator from Minnesota.

Mr. COLEMAN. I ask unanimous consent to speak as in morning business.

THE PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COLEMAN. Madam President, I would like to respond to my colleague from Michigan. I wish to talk a little bit about the minimum wage, but I would love to debate drug rationing. And that is what we are going to get to. That is what we are talking about. We are talking about adopting the VA system. For those seniors out there listening, you have a limited list of drugs which are available. And by the way, you get them through the VA. You get about 80 or 90 percent through mail order, the rest at the VA, where my dad goes. I think he, also, may have an addition tied into Part D. I have seniors in Minnesota who like to go to the local pharmacy. I am struggling and

fighting every day to keep rural pharmacies alive. You want to put a stake through the heart of rural pharmacies, of small business, talk about doing what the House is talking about. We will have that debate another day.

Americans and Minnesotans like choice. Under Medicare Part D, the poorest of the poor are dual eligibles, and it is a program that is working. Most of the seniors in my State who have Medicare Part D are pretty happy. We have some challenges with the doughnut hole. But going to a system of limited choice, limited options and somehow saying that that is going to be better than a system where you have millions of consumers and, in effect, the bargaining goes on every day, if you don't like one plan, you can go to the next, this plan has cost us less money. It is giving great choices. Our challenge is to keep our rural pharmacies alive. This is not going to make that any better.

MINIMUM WAGE INCREASE

Mr. COLEMAN. Madam President, I wish to talk about a bipartisan effort to increase the minimum wage. Last week, the House overwhelmingly passed legislation to increase the current minimum wage from \$5.15 to \$7.25 an hour. We will have a chance to deal with that in the Senate. We are going to get a better bill out of the Senate. We are going to have some small business protection which is important. But we do need to increase the minimum wage.

I have long supported increasing the minimum wage. I strongly believe that Congress should ensure that the benefits of our strong economy go to everybody. My State of Minnesota is 1 of 29 that have sought to ease the burden for minimum wage workers by increasing the minimum wage above the Federal minimum wage. But it is well past time that Congress acted.

It has taken more than 9 years to finally reach the point where we will be increasing the minimum wage, and it is about time. As a result of congressional inaction, the Federal minimum wage is actually at a 50-year low, when we factor in inflation. That is simply not fair. It is not fair for our minimum wage workers who must deal with the ever-rising cost of day-to-day living.

There are some who argue that the vast majority of those receiving the minimum wage don't come from poor families. They claim that those receiving the minimum wage are middle income families, young, and work part time. I don't think the facts support that proposition. If Congress increases the minimum wage to \$7.25, we are talking about helping about 50 percent of the workers who come from poor and low-income families. We are talking about helping out those Minnesotans who work in the nearly 230,000 low-wage jobs who would benefit from an increase. We are talking about 40 percent of hourly workers who are making \$5.15 or less who are uninsured.

Congress needs to find bipartisan solutions to reduce the ranks of the uninsured. We need to act to improve health care accessibility and affordability for all Americans, not the least of which are low-wage workers. It is important to make the point that these same uninsured Americans are also the ones who will benefit most from a hike in the minimum wage.

While I support increasing the minimum wage, I, also, support targeted small business protection. I want to see the hit of an increase in the minimum wage lessened. It is no good to increase the minimum wage if you are going to take away somebody's job. You have to look at the impact on small business.

I am a former mayor, a member of the Small Business Committee. I understand the importance of small business to our economy. I believe that America's future is tied to the growth of small business. Small businesses become big businesses, but they have to start small. They need the kind of protection we are talking about, bipartisan relief.

I have introduced legislation—and apparently a bill will come out of committee—that will provide some protection. I want to make sure a couple other things are in there, such as increasing expensing for small business. My small business owners tell me this is important. Under this sort of expensing, businesses can take an immediate depreciation deduction of up to \$112,000 on taxes for qualified business purchases. This is important to do the right kind of protection and ensure that businesses can continue to hire workers and continue to grow and expand.

I applaud the Finance Committee today for passing small business relief. I think it includes an extension of increased expensing and a 15-year straight-line cost recovery period for qualified leasehold and restaurant improvements. I am not going to get into the nitty-gritty, but we are making progress. That is good.

I wish to comment on one other aspect of the minimum wage debate that is not included in the bill out of the Finance Committee. It is called the tip credit. Although this is somewhat of a technical issue, at the end of the day this is about jobs, plain and simple.

So what is tip credit? With tip credit, employers can count a certain part of their employees' tips toward meeting their employees' minimum wage. Tip credit has long been on the books. Labor laws recognize it. I know the State of New York has tip credit. I think there are 7 of the States that do not have a tip credit; 43 States have it. Again, labor laws recognize it, tax laws recognize it. It is an issue that impacts about 10,000 Minnesota businesses and their workers—mostly in the hospitality industry, such as restaurant workers. Those are important businesses. They are gathering places in the community. They are the cornerstone of many of the communities.